

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Public Utilities	Martha Neuman/3-9036	Karl Stickel/5-8085

Legislation Title:

AN ORDINANCE declaring approximately 7.4 acres of City-owned real property located north of South 231st Way in the City of Kent, Washington as no longer required for municipal utility purposes and surplus to the City's needs; authorizing the Director of Seattle Public Utilities to enter into a Memorandum of Agreement with the City of Kent to jointly market these parcels with adjacent parcels owned by the City of Kent through an open competitive process, and ratifying and confirming certain prior acts.

Summary of the Legislation:

This legislation would declare King County Tax Parcel #1522049065 and King County Tax Parcel #1522049172 no longer required for municipal utility purposes and surplus to the City's needs. It would also authorize the Director of Seattle Public Utilities to sell the property using a competitive process; enter into a Memorandum of Agreement with the City of Kent to jointly market these parcels with adjacent parcels owned by the City of Kent; and negotiate and execute any necessary documents to complete the transaction.

Background:

The 7.4 acre property is comprised of two parcels located north of the former Kent Highlands landfill and South 231st Way. The City acquired this property with the land purchased for the landfill. The property was used during landfill closure operations, but it is no longer needed. The two parcels are free of refuse and restrictive covenants associated with the former landfill.

In 2011, a developer approached SPU to inquire about buying property at the former Kent Highlands landfill. Although that developer did not ultimately make an offer or purchase, the inquiry spurred SPU to examine the potential real estate value of the former landfills at both Kent Highlands and Midway. As an initial step, SPU evaluated regulatory conditions, political context, and market conditions that could influence the reuse of property at Kent Highlands.

Based on this work, SPU began focusing on the two parcels. Utility staff subsequently had conversations with the City of Kent, which owns land adjacent to the subject SPU property. Kent wants to sell portions of their adjacent parcels to advance economic development goals. With a wetland and buffer area on the SPU property, current market conditions and the potential benefit of offering more acreage to the market, SPU recommends pursuing a joint marketing approach with Kent to maximize value for each parcel.

The Memorandum of Agreement authorized by this legislation would guide the partnership between SPU and Kent, including transaction and reimbursement arrangements related to the marketing effort and sale of the respective parcels.

Please check one of the following:

☐ This legislation does not have any financial implications.

☒ This legislation has financial implications.

Appropriations:

Appropriations Notes:

Sufficient appropriations exist in both 2012 and 2013 (Solid Waste General Expense BCL N000B-SW) to fund \$115,000 in consultant costs to facilitate the sale of the subject property, including developing marketing materials, soliciting and evaluating proposals, and conducting negotiations for closing. Approximately \$47,500 was spent in 2012 and \$67,500 will be spent in 2013.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2012 Revenue	2013 Revenue
Solid Waste	SPU			TBD
TOTAL				TBD

Revenue/Reimbursement Notes: The size of potential proceeds from the sale of this property is currently not known. An appraisal will be completed as part of the pre-marketing effort. The legislation authorizes SPU to utilize a competitive sales process. SPU's goal is to complete a sale by late 2013. It is anticipated that Kent will reimburse SPU for some of the upfront costs related to the sale from their proceeds.

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
No.
- b) **What is the financial cost of not implementing the legislation?**
SPU would not receive revenue for the sale of the property and would continue to own unused property in Kent.

c) Does this legislation affect any departments besides the originating department?

No.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

There are no alternatives.

e) Is a public hearing required for this legislation?

Yes. Ordinance process includes the necessary public hearing for sale of surplus utility property pursuant to RCW 35.94.040. Also, the neighbors within 1,000 feet of the property were notified as part of the FAS process for disposition of simple property.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

Yes. See Exhibit A of Attachment 2 of ordinance attached.

h) Other Issues:

SPU and Kent each own additional property south of South 231st Way, which the two parties may choose to market in conjunction with those referenced above. If SPU decides to recommend such an arrangement it would seek from Council additional authorizing legislation. Even though portions of the SPU-owned parcels have constraints due to previous landfill activity, parts of these parcels may be marketable, especially in conjunction with the properties north of South 231st Way.

List attachments to the fiscal note below: